

Buy Michigan First: State Contracting 101

(Part two of a five-part series outlining the basics of state contracting. Last week's article discussed vendor registration with the State of Michigan.)

Hundreds of Michigan companies have expanded and diversified their revenue stream with government contract awards. Each year, Michigan government buys a vast and diverse array of goods and services valued at more than \$3 billion. Even with the opportunity for additional revenue, many firms hesitate venturing into government contracting, citing significant barriers to entry as the major factor.

Since 2003, the State of Michigan has taken dramatic steps to reduce or eliminate these barriers and to alleviate this reluctance. According to Michigan Department of Management and Budget (DMB) Director Lisa Webb Sharpe, today's purchasing culture is open, fair and transparent.

"DMB wants to Buy Michigan First by doing business with our companies," she said. "By spending Michigan's dollars in Michigan, we play a central role in creating jobs and driving down the price tag of government."

In 2005, Gov. Granholm issued two executive directives that are significant to state contracting. The first directive prohibits sole-source, no-bid contracts, which results in competitive bidding for every solicitation. The second directive gives preferences to Michigan firms that bid on state contracts. As a result of these directives, 85 percent of the state's purchases are sold by Michigan firms.

"This practice creates a win-win scenario," said Sharpe. "Government wins, Michigan businesses win and taxpayers win."

Michigan is a "best value" state with a centralized procurement system. DMB handles purchasing on behalf of each state

agency and manages a contract portfolio of more than 2,200 contracts valued at more than \$11.6 billion. Generally, DMB handles solicitations valued at \$25,000 or more. Individual state agencies have the authority to make their own purchases valued at \$25,000 or more.

Companies that are new to state contracting may start the process by registering as a vendor, which was discussed in the Aug. 30-Sept. 5 issue of the Michigan Chronicle. The next step is preparation and research, which DMB leaders say is crucial to winning a state contract award.

Sean Carlson, a DMB senior deputy director who leads procurement for the State of Michigan, encourages companies to use the website for their research.

"DMB's Doing Business website provides extensive information about contracts and registration processes," he said. "We also encourage companies to schedule a vendor and work one-on-one with us. Companies can arrange visits by calling (313) 456-3609."

Michigan companies interested in using the preparation tools on the Doing Business website may follow these easy steps:

Visit DMB's website at www.michigan.gov/doingbusiness.

Select the "Selling to the

State" link at the left of the page.

From "Quick Links" at the right of the page, note the "Complete Contract List" and "Freedom of Information Act Requests" links.



Use the "Complete Contract List" link to review contracts of interest. This link includes all active contracts, not only those currently up for bid. The list offers a snapshot of what the state buys in each contract area and is a great starting point.

Find contracts that match business capabilities and use the "Freedom of Information Act Requests" link to obtain copies of the contracts, the winning bid responses and other documents to get a sense of contract specifications and information needed by the state in the bid response.

Contact DMB with questions or to schedule a vendor visit.

Michigan firms are encouraged to visit the website frequently to view and bid on current solicitations. By bookmarking the site and revisiting it weekly, firms will be able to avoid missed bidding opportunities.

For more information, e-mail DMB-Outreach@michigan.gov, or call (313) 456-3609.

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